

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>Michigan 34th District Court</u>	County Wayne
Audit Date June 30, 2005	Opinion Date September 30, 2005	Date Accountant Report Submitted To State: December 29, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature <i>Plante & Moran, PLLC</i>			

Michigan 34th District Court

**Financial Report
with Supplemental Information
June 30, 2005**

Michigan 34th District Court

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Independent Auditor's Report

To the Judges of the State of
Michigan 34th Judicial District Court

We have audited the accompanying financial statements of the governmental activities, the General Fund, and the fiduciary funds information of the Michigan 34th District Court, which collectively comprise the Court's basic financial statements as of and for the year ended June 30, 2005. These financial statements are the responsibility of the Michigan 34th District Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and the fiduciary funds information of the Michigan 34th District Court and the respective changes in financial position thereof for the year ended June 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule as identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation

A member of



A worldwide association of independent accounting firms



to the basic financial statements taken as a whole.

Plante & Moran, PLLC

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To the Judges of the State of
Michigan 34th Judicial District Court

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Plante & Moran, PLLC

September 30, 2005

Michigan 34th District Court

Governmental Fund Balance Sheet/Statement of Net Assets June 30, 2005

	General Fund - Modified Accrual Basis	GASB No. 34 Adjustments (Note 2)	Statement of Net Assets - Full Accrual Basis
Assets			
Cash and cash equivalents (Note 3)	\$ 43,050	\$ -	\$ 43,050
Due from Agency Funds	35,923	-	35,923
Prepaid expenses and other assets	56,718	-	56,718
Due from other local governmental units	-	125,639	125,639
Total assets	<u><u>\$ 135,691</u></u>	<u><u>\$ 125,639</u></u>	<u><u>\$ 261,330</u></u>
Liabilities			
Accounts payable	\$ 31,952	\$ -	\$ 31,952
Due to other local governmental units	54,233	-	54,233
Salary withholdings, accrued payroll, and payroll taxes payable	49,506	-	49,506
Compensated absences due within one year	-	117,857	117,857
Compensated absences due in more than one year	-	7,782	7,782
Total liabilities	<u><u>\$ 135,691</u></u>	<u><u>\$ 125,639</u></u>	<u><u>\$ 261,330</u></u>

Michigan 34th District Court

Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended June 30, 2005

	General Fund - Modified Accrual Basis	GASB No. 34 Adjustments (Note 2)	Statement of Activities - Full Accrual Basis
Revenue			
Operating transfer from the City of Romulus	\$ 2,715,000	\$ 11,480	\$ 2,726,480
Other revenue	<u>262,089</u>	<u>-</u>	<u>262,089</u>
Total revenue	2,977,089	11,480	2,988,569
Expenditures			
Salaries and wages	1,803,567	-	1,803,567
Fringe benefits	696,934	11,480	708,414
Attorney fees	44,203	-	44,203
Professional fees and contractual services	102,761	-	102,761
Education and training	8,588	-	8,588
Dues, fees, and subscriptions	49,702	-	49,702
Building insurance, maintenance, and utilities	52,402	-	52,402
Equipment lease and maintenance	25,955	-	25,955
Furniture and equipment	11,587	-	11,587
Jury and witness fees	8,018	-	8,018
Reference material	4,482	-	4,482
Work program	6,763	-	6,763
Printing	26,392	-	26,392
Computer equipment and software	20,560	-	20,560
Supplies	29,944	-	29,944
Telephone	21,846	-	21,846
Travel	573	-	573
Reinstated bond	2,000	-	2,000
Postage	<u>36,637</u>	<u>-</u>	<u>36,637</u>
Total expenditures	<u>2,952,914</u>	<u>11,480</u>	<u>2,964,394</u>
Excess of Revenue Over Expenditures/Change in Net Assets - Before transfer to the City of Romulus	24,175	-	24,175
Transfer to the City of Romulus	<u>(24,175)</u>	<u>-</u>	<u>(24,175)</u>
Excess of Revenue Over Expenditures	-	-	-
Fund Balance/Net Assets - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance/Net Assets - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Michigan 34th District Court

Fiduciary Funds Statement of Assets and Liabilities June 30, 2005

	Agency Funds	
	Depository	Bond
Assets		
Cash and cash equivalents (Note 3)	\$ 14,493	\$ 694
Investments (Note 3)	<u>626,032</u>	<u>60,243</u>
Total assets	<u>\$ 640,525</u>	<u>\$ 60,937</u>
Liabilities		
Due to General Fund	\$ 35,923	\$ -
Due to other local governmental units	396,337	1,334
Due to State of Michigan	127,685	-
Due to Wayne County	74,676	-
Appearance bonds payable	-	59,603
Due to others	<u>5,904</u>	<u>-</u>
Total liabilities	<u>\$ 640,525</u>	<u>\$ 60,937</u>

Michigan 34th District Court

Notes to Financial Statements June 30, 2005

Note I - Summary of Significant Accounting Policies

The accounting policies of the Michigan 34th District Court (the "Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Court:

Reporting Entity

The Court is reported as a joint venture in the Cities of Romulus and Belleville, and the Townships of Sumpter, Van Buren, and Huron, Michigan's basic financial statements. Based on the significance of any operational or financial relationships with the Court, there are no component units to be included in the Court's financial report.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Court's basic financial statements include both the Court's full accrual financial statements and modified accrual financial statements.

Full Accrual Financial Statements - The full accrual financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting, which is described below.

Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The statement of net assets includes and recognizes all long-term compensated absence liabilities. The statement of net assets would also recognize all long-term assets; however, these assets have been funded through operating transfers to the General Fund from the City of Romulus and have, therefore, been capitalized by the City of Romulus.

The statement of activities includes expenditures for employee compensated absences.

Modified Accrual Financial Statements - The Court's modified accrual financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which is described below.

Michigan 34th District Court

Notes to Financial Statements June 30, 2005

Note I - Summary of Significant Accounting Policies (Continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay finance expenditures of the fiscal period. For this purpose, the Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Court. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences are recorded only when payment is due.

The accounts of the Court are organized on the basis of funds, each of which is considered a separate accounting entity. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad categories as follows:

Governmental Fund

General Fund - The General Fund contains the records of the ordinary activities of the Court that are not accounted for in another fund. The General Fund includes the general operating expenditures of the Court, which consist mainly of salaries and fringe benefits for Court employees. Revenue is derived primarily from fines and costs payable to the City of Romulus. The City of Romulus approves the Court's annual General Fund operating budget. The Court periodically withdraws funds from the Depository Fund that otherwise would be due to the City of Romulus to operate the Court's General Fund. Excess revenue at year end is payable to the City of Romulus.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the Court as an agent for individuals, organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Court uses the following Agency Funds:

- **Depository Fund** - This fund accounts for the receipt of fines and costs associated with criminal and ordinance violations for the five participating local units of government, the State of Michigan, the County of Wayne, and other third parties. The Court then distributes to the participating local units of government, the State of Michigan, and the County of Wayne, their share of fines and costs collected. The Court withdraws from the Depository Fund fines and costs that would otherwise be payable to the City of Romulus to operate the Court's General Fund.

Michigan 34th District Court

Notes to Financial Statements June 30, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

- **Bond Fund** - This fund receives and holds bond monies from defendants as a promise to appear on an appointed court date. After the court date, the monies are applied to fines and costs, bond costs, forfeitures, and refunds, as appropriate.

Financial Statement Amounts

Cash and Cash Equivalents - The Court has defined cash and cash equivalents to include cash on hand and all highly liquid investments purchased with an original maturity of three months or less when acquired.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Reconciliation of the Court as a Whole and the Individual Fund Financial Statements

The governmental fund balance sheet and statement of revenue and expenditures and changes in fund balance of the Court's General Fund differ from the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current focus of the General Fund balance sheet and statement of revenue, expenditures, and change in fund balance.

The statement of net assets includes the compensated absence liability of the Court employees and the statement of activities includes the expense related to this liability. As the City of Romulus ultimately subsidizes the Court's General Fund operations, a corresponding receivable and operating transfer has been recorded in the statement of net assets and statement of activities for these additional fringe benefits.

Note 3 - Cash and Cash Equivalents

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Court has designated one bank for the deposit of its funds. The Court has not adopted an investment policy in accordance with Public Act 196 of 1997; however, the Court's deposits and investment policies are in accordance with statutory authority.

The Court's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. The Court does not have a deposit policy for custodial credit risk. At year end, the Court had approximately \$78,000 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Court evaluates each financial institution with which it deposits its funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Court has no investment policy that would further limit its investment choices. As of year end, the Court had approximately \$686,000 invested in mutual funds that were unrated.

Michigan 34th District Court

Notes to Financial Statements June 30, 2005

Note 4 - Interfund Receivables

The following are the interfund receivables at June 30, 2005:

Fund Due To	Fund Due From	Amount
General Fund	Depository Fund	\$ 35,923

Note 5 - Budget Information

The annual budget of the General Fund is prepared by Court management and adopted by the City Council of the City of Romulus, Michigan; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2005 has not been calculated. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget process is initiated in January for the following fiscal year. At this time, the financial director provides the Chief Judge with the appropriate financial information. The Chief Judge then prepares the budget and submits it to the City Council shortly thereafter for formal approval.

The budget statement (budgetary comparison schedule - General Fund) is presented on the same basis of accounting used in preparing the adopted budget.

The General Fund budget has been adopted in total; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. While the City Council has adopted a General Fund budget in total, a comparison of actual results of operations to the General Fund budget is included in the financial statements at the line-item level.

Note 6 - Allocation to Local Units

The Depository Fund of the Court receives all fines, costs, and probation income. These receipts are allocated to its District Control Unit and each participating local unit on a specific identification basis, as follows:

- One-third of fines, costs, and probation income specifically identified to the City of Belleville, Huron Township, Sumpter Township, and Van Buren Township is remitted to those communities. The remaining two-thirds is retained by this fund.

Michigan 34th District Court

Notes to Financial Statements June 30, 2005

Note 6 - Allocation to Local Units (Continued)

- Fines and costs collected by the Court within 14 days from the date of infraction are returned in full to the local participating unit of government and are not subject to the two-thirds reduction described above.
- On a monthly basis, the Depository Fund transfers funds to the Court's General Fund, in an amount necessary to meet its operating budget.
- Statutory payments are remitted to the State of Michigan and Wayne County; remaining assets are remitted to the District Control Unit, City of Romulus.

Note 7 - Postemployment Benefits

The Court provides health care and dental benefits to employees upon retirement, in accordance with labor contracts. Currently, five retirees are eligible. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$38,000.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

Note 8 - Risk Management

The Court is exposed to various risks of loss pertaining to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Court has purchased commercial insurance for these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Michigan 34th District Court

Notes to Financial Statements June 30, 2005

Note 9 - Defined Contribution Retirement Plan

Previously, the Court provided pension benefits for all its salaried and clerical employees through a multi-employer defined contribution plan sponsored by the City of Romulus. Effective September 1, 2004, the Court's employees had the option to either remain in the City of Romulus plan or switch to the Municipal Employees' Retirement System of Michigan (MERS). Employees with a loan balance with the City of Romulus pension plan were required to remain in the City's plan. All employees hired subsequent to September 1, 2004 are automatically enrolled in the MERS plan and have no option to enroll in the City of Romulus plan.

City of Romulus Retirement System

The City of Romulus retirement system is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. At June 30, 2005, there were seven employees participating in the City of Romulus pension system. As established by labor contracts, the plan requires the Court to make contributions totaling 10 percent of employees' base earnings (no overtime). Employees may make voluntary contributions up to a maximum of 10 percent of their annual compensation during each of these years. Full vesting takes place after 20 months of service for all contributions and related account earnings. In accordance with these requirements, the Court contributed approximately \$38,000. There were no employee elective contributions during the year.

MERS Retirement System

Plan Description - The Court also participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan that covers all its salaried and clerical employees not electing to participate in the City of Romulus Retirement System described above. The MERS provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917. Because the plan began in September 2004, the financial report will not be available until next year.

Funding Policy - The obligation to contribute to and maintain the MERS for these employees was established by negotiation with the Court's competitive bargaining units and does not require a contribution from the employees.

Note 9 - Defined Contribution Retirement Plan (Continued)

Annual Pension Cost - For the year ended June 30, 2005, the Court's annual pension cost of approximately \$111,000 for the MERS was equal to the Court's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at September 1, 2003, prior to the inception of the plan, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) no cost-of-living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years. Because the plan began in September 2004, trend data and a schedule of funding progress are not available.

Required Supplemental Information

Michigan 34th District Court

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2005

			Favorable (Unfavorable) Variances with Amended Budget
	Budget	Actual	Budget
Revenue			
Operating transfer from the City of Romulus	\$ 2,715,000	\$ 2,715,000	\$ -
Other revenue	290,172	262,089	(28,083)
Total revenue	3,005,172	2,977,089	(28,083)
Expenditures			
Salaries and wages	1,705,172	1,803,567	(98,395)
Fringe benefits	687,000	696,934	(9,934)
Attorney fees	50,000	44,203	5,797
Professional fees and contractual services	130,000	102,761	27,239
Education and training	10,000	8,588	1,412
Dues, fees, and subscriptions	26,000	49,702	(23,702)
Building insurance, maintenance, and utilities	128,000	52,402	75,598
Equipment lease and maintenance	34,000	25,955	8,045
Furniture and equipment	7,500	11,587	(4,087)
Jury and witness fees	15,000	8,018	6,982
Reference material	15,000	4,482	10,518
Work program	13,500	6,763	6,737
Printing	40,000	26,392	13,608
Computer equipment and software	40,000	20,560	19,440
Supplies	30,000	29,944	56
Telephone	25,000	21,846	3,154
Travel	1,000	573	427
Reinstated bond	10,000	2,000	8,000
Postage	38,000	36,637	1,363
Total expenditures	3,005,172	2,952,914	52,258
Excess of Revenue Over Expenditures - Before transfer to the City of Romulus	-	24,175	24,175
Transfer to the City of Romulus	-	(24,175)	(24,175)
Excess of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other Supplemental Information

Michigan 34th District Court

Combining Statement of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<u>Depository Fund</u>				
Assets - Cash and cash equivalents	<u>\$ 614,828</u>	<u>\$ 6,856,854</u>	<u>\$ 6,831,157</u>	<u>\$ 640,525</u>
Liabilities				
Due to General Fund	\$ 20,052	\$ 3,027,417	\$ 3,011,546	\$ 35,923
Due to other local governmental units	392,495	1,510,337	1,506,495	396,337
Due to State of Michigan	125,822	1,376,799	1,374,936	127,685
Due to Wayne County	70,900	844,703	840,927	74,676
Due to others	5,559	97,598	97,253	5,904
Total liabilities	<u>\$ 614,828</u>	<u>\$ 6,856,854</u>	<u>\$ 6,831,157</u>	<u>\$ 640,525</u>
<u>Bond Fund</u>				
Assets - Cash and cash equivalents	<u>\$ 97,651</u>	<u>\$ 848,886</u>	<u>\$ 885,600</u>	<u>\$ 60,937</u>
Liabilities				
Due to other local governmental units	\$ 869	\$ 1,644	\$ 869	\$ 1,644
Appearance bonds payable	96,782	847,242	884,731	59,293
Total liabilities	<u>\$ 97,651</u>	<u>\$ 848,886</u>	<u>\$ 885,600</u>	<u>\$ 60,937</u>

September 30, 2005

To the Honorable Judges of the
State of Michigan
34th Judicial District Court
11131 Wayne Road
Romulus, MI 48174

Dear Judges:

We recently completed our audit of the basic financial statements of the State of Michigan 34th Judicial District Court for the year ended June 30, 2005. As a result of our audit, we have the following comments and recommendations for your review and consideration.

Financial Policies

Under Public Act 738 of 2002, local units of government are required to have adopted a formal policy for authorizing ACH wire transfer activity. In addition, other State laws contain provisions regarding policies for the use of credit cards and investments. Currently, the Court does not have a formal authorization permitting wire transfer activity, use of credit cards, or a formal investment policy. An option is for the Court to request that the City amend their policies to include the Court. This could be done as part of the annual budget approval process.

Internal Control Considerations

Bank Reconciliation Review - It is our understanding that the bank reconciliations performed by the Court's financial director are being reviewed on a regular basis by the court administrator. However, we would recommend that the court administrator initial and date the reconciliations in order to indicate timely review and proper segregation of duties.

Segregation of Duties - Currently, one individual is responsible for preparing and posting all journal entries. We recommend that the Court consider appointing another individual to perform a periodic review of the entries in order to ensure they are appropriate.

Credit Card Matters - In addition to the policy described above, it is important that receipts are received timely to support credit card purchases.

Authorized Check Signers - While we commend the Court on its policies regarding the review and approval of invoices and cash disbursement registers, we recommend that the Court require one of its judges to sign all checks as an additional control. However, we do not recommend the use of a signature stamp.

To the Honorable Judges of the
State of Michigan
34th Judicial District Court

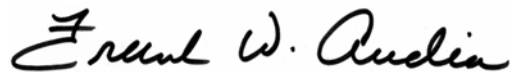
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September 30, 2005

We would like to thank the Court's personnel for their assistance during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Frank W. Audia". The script is cursive and fluid.

Frank W. Audia

A handwritten signature in black ink that reads "Stacey Reeves". The script is cursive and fluid.

Stacey L. Reeves